

To the Financial Services Tax Reform Working Group:

I urge you to recommend repeal of the Foreign Account Tax Compliance Act (FATCA), which was buried in the HIRE legislation passed by Congress in 2010 and which is already having severe unintended consequences for the American economy and for America's standing in the world.

As you have already received detailed criticisms of this Act from organizations such as American Citizens Abroad, I will confine my attention in this message to the impact of this Act on me and the millions of other ordinary American citizens who live and work abroad. Basically, FATCA violates our Constitutional right to equal protection of the law and exposes us to unreasonable searches of our property in violation of the 4<sup>th</sup> Amendment to the Constitution. In the otherwise laudable attempt to fight tax evasion by those few who hide assets overseas, we many who merely live and work overseas are presumed *guilty* until *proven* innocent, in violation of one of the fundamental principles of Western law as a whole.

Unlike citizens who reside in the US, we are now required to report details of our *assets* to the IRS, not merely our *income*, simply because we live abroad and need e.g. foreign bank accounts, insurance policies and pension plans in order to continue doing so. These are not *foreign* assets to us; they are essential local facilities. We are subject to substantial penalties if we make the slightest error in such reporting, even if we owe no US tax on our income for a given year on account of the foreign earned-income exclusion and/or the high rates of the foreign tax we pay. Some foreign banks have already told ex-pat Americans that they must close their accounts in view of the high costs of compliance with FATCA or its violation of local law and others are likely to follow suit, making it impossible for us to continue living and working where we choose – or indeed, where we must live because that's where we've been able to find suitable employment opportunities.

Last but not least, the need to provide very sensitive information to both the IRS and the Treasury on forms which bear our full names and social security numbers exposes us to identity theft. Personally I have no objection to reporting to the Treasury the names and addresses of the non-US banks in which I have accounts, but providing the account numbers makes me very uneasy.

Please accept that you are not going to find much in the way of tax evasion among ordinary Americans living and working abroad. On the basis of tax fraud cases to date, your targets should be *affluent Americans who are resident in the US* and the off-shore tax havens they use to shelter their assets from prying eyes. It costs money to set up these tax shelters, I gather, so they're hardly within reach or meaningful to people of modest or even comfortable means wherever they reside.

Yours sincerely,

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